

**STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE**

**NOTICE OF INVESTIGATORY HEARING ON CONSUMER DRIVEN HEALTH  
PRODUCTS**

File No. IH-05047707

**NOTICE IS HEREBY GIVEN** that a public hearing will be held as set forth below:

**September 20, 2005  
10 am**

**San Francisco City Hall  
Room 408  
San Francisco, CA**

The hearing room is accessible to persons with disabilities

Rapidly escalating costs for health care delivery and increasing premiums for insurance products continue to exert pressure on employers and individuals searching for affordable coverage. In response to this trend, "Cost Driven Health Plans" (CDHPS) are becoming more prevalent. These new insurance products are theoretically designed to create financial incentives for insured individuals to become knowledgeable consumers of health care services. According to the rationale driving the development of such products, "skin in the game" in the form of financial liability for at least a portion of health care costs will create cost and quality conscious consumers. New products with more cost sharing in the form of co-payments and deductibles are seen as a way to drive smarter consumption. Such products are sometimes coupled with a health savings account (HSA).

Critics of these products see them primarily as a way to shift costs on to individuals and away from employers and express several concerns including: the fact that Health Savings Accounts that are coupled with CDHPs use public resources in the form of tax benefits primarily to benefit higher income individuals; patients may defer necessary care; benefit packages may become overly complex and confusing; the insured population will continue to be segmented into healthier and sicker populations lowering premiums for some at the expense of the most vulnerable populations. In the event that HSAs are not adequately funded, some point out that providers will be subject to additional expenses for billing and collection.

The purpose of this public hearing is to examine the brief history of CDHPs, air their potential benefits and raise concerns or criticisms.

California Department of Insurance (CDI), and Department of Managed Health Care (DMHC), state agencies charged with overseeing California's health insurance market place are interested in developing a greater understanding of these new products and their impact upon consumers.. The Commissioner is interested in examining the current legal and regulatory environment to determine whether there are gaps in authority or oversight that should be addressed. This proceeding may transition into a rulemaking proceeding designed to update and enhance current regulations relating to requirements for policy approval.

**AGENDA:**

10:00

***Introduction and Welcome***

***Commissioner Garamendi***

10:15 -10:30

***Department of Insurance***

***Marsha Seely***

10:30 10:45

***DMHC***

***TBD***

10:45 11:15

***RAND***

***Invited***

11:15 12:00

***Insurer Panel***

***WellPoint and Aetna***

**12:00 1:00 Break for Lunch**

1:00 1:30

***Consumer Response***

***Consumers Union Invited  
Health Access  
FTCR***

1:30 2:00

***California Healthcare Coalition***

***Sally Covington Executive Director***

2:00 2:45

***Provider Response***

***California Medical Association  
California Hospital Association  
CAPG***

2:45-3:15

***Producer Response***

3:15 -  
*Public Comment*

Questions regarding this Notice should be directed to:

California Department of insurance  
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Dated: \_\_\_\_\_, 2005

John Garamendi  
Insurance Commissioner

By \_\_\_\_\_  
Risa Salat-Kolm  
Senior Staff Counsel